# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:682
ANSWERED ON:18.11.2016
High Taxes on Petroleum Products
Tharoor Dr. Shashi

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government is aware of the high taxes on petroleum products including petrol and diesel;

(b) if so, the details thereof along with the comparative increase in the taxes on petrol and diesel during the last three years and the current year;

(c) whether the high taxes have undermined the benefit of the falling global prices of oil to the consumers, if so, the details thereof; and

(d) the steps taken/being taken by the Government to pass on the benefits of lowered global oil prices to the consumers by reducing the high taxes on petroleum products thereby boosting domestic consumption and benefitting the economy?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) & (b):The present cumulative Central Excise duties on unbranded petrol and diesel are as under:
Petrol Rs.21.48 per litre
[Rs.9.48 BED + Rs.6 SAED + Rs.6AED]
Diesel Rs.17.33 per litre
[Rs.11.33 BED + Rs.6 AED]

BED − Basic Excise Duty [levied under the Central Excise Tariff Act]

SAED − Special Additional Excise Duty [levied under section 147 of the Finance Act, 2002]

AED − Additional Excise Duty [levied under section 111 of the Finance (No.2) Act, 1998 − Petrol and section 133 of the Finance Act, 1999 − Diesel]
Changes made in the Basic Excise Duty (BED) on petrol and diesel (both branded and unbranded) during the last 3 years, are as under:

| Petroleum product | Petrol | | Diesel | |
|---|---|---|---|---|
| Notification | Unbranded | Branded | Unbranded | Branded |
| No.12/2014-CE dated 11.07.2014 | - | (-5.15) | - | - |
| No.22/2014-CE dated 12.11.2014 | 1.50 | 1.50 | 1.50 | 1.50 |
| No.24/2014-CE dated 02.12.2014 | 2.25 | 2.25 | 1.00 | 1.00 |
| No.1/2015-CE dated 01.01.2015 | 2.00 | 2.00 | 2.00 | 2.00 |
| No.3/2015-CE dated 16.01.2015 | 2.00 | 2.00 | 2.00 | 2.00 |
| No.12/2015-CE dated 01.03.2015 | (-3.49) | (-3.46) | (-3.70) | (-3.63) |
| No.43/2015-CE dated 06.11.2015 | 1.60 | 1.60 | 0.40 | 0.40 |
| No.46/2015-CE dated 16.12.2015 | 0.30 | 0.30 | 1.17 | 1.17 |
| No.1/2016-CE dated 01.01.2016 | 0.37 | 0.37 | 2.00 | 2.00 |
| No.2/2016-CE dated 15.01.2016 | 0.75 | 0.75 | 2.00 | 2.00 |
| No.4/2016-CE dated 30.01.2015 | 1.00 | 1.00 | 1.50 | 1.50 |

Note: In Budget 2015-16, the following changes were effected:

(i) The effective rate of additional duty of excise (AED), commonly known as Road Cess, was increased from Rs.2 per litre to Rs.6 per litre on both petrol and diesel while simultaneously reducing the BED by Rs.4 per litre.
(ii) Education Cess and Secondary and Higher Education Cess levied on excisable goods, including petrol and diesel, were exempted. On this count, BED on petrol and diesel were suitably revised.

(c): Continued fall in international prices of crude, petrol and diesel, and the consequent over recovery on petrol and diesel by Oil Marketing Companies (OMCs) was partly utilized to increase excise duty on petrol and diesel:

a. to recoup the loss on account of reduction made in basic customs duty and excise duty rates on crude and petrol / diesel in June, 2011, with accompanying revenue loss to protect the consumers from rising crude, petrol and diesel prices,

b. and to garner resources for infrastructure like roads.
This measure will also augment the overall Tax: GDP ratio. Further, part of the benefit of reduction in international prices of crude has been passed on to the consumers in form of a downward revision [since November, 2014] in the Retail Sale Prices of Petrol and Diesel.

(d): There is no such proposal under consideration at present.

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